

Defense Logistics Agency Defense National Stockpile

The National Stockpile operates under authority of the Strategic and Critical Materials Stockpiling Act (50 U.S.C. 98-h-2(a)). This act provides that strategic and critical materials are stockpiled in the interest of national defense to preclude a dangerous and costly dependence upon foreign sources of supply in times of national emergency. The Defense National Stockpile Center (DNSC) administers the storage, management, and disposal of the Nation's inventory of strategic and critical materials essential to the military and industrial requirements of the United States in times of national emergency.

DNSC is continuing their aggressive disposal program to meet inventory reduction targets. The type and quantity of each commodity chosen for sale in a fiscal year is based on statutory sales authority and on the Annual Material Plan (AMP), approved by the Market Impact Committee and submitted to Congress in accordance with section 11(b) of the Strategic and Critical Materials Stockpiling Act (50 U.S.C. 98h-2(b)). The revenue, however, is based on commodity market conditions. Volatility of the market can result in significant fluctuation of commodity prices and revenue to DNSC.

The FY 1999 Strom Thurmond National Defense Authorization Act, 105-261, provides for the sale of commodities, depending on market conditions, in order to transfer specified target amounts to the Treasury and to the Secretary of HHS. In accordance with this statute, \$102 million and \$97.0 million will be transferred to the Treasury during FY 1999 and FY 2000, and \$3.0 million and \$22.0 million will be transferred to the Secretary of HHS during the same two fiscal years. In addition, this budget includes the transfer of \$150 million per year to the Military Departments during FY 2000 and transfers to the U.S. Treasury in the amounts of \$66.0M in FY 1999, and \$46.0 million in FY 2000. This latter transfer is to offset the loss of receipts that would have been levied as a surcharge on Foreign Military Sales.

Increasing concern over the environmental liability caused by DNSC's aggressive sale of inventory requires action for a long-range disposal and cleanup of hazardous materials. This budget includes \$21.8 million in FY 2000 for this action.

**Defense Logistics Agency
 Defense National Stockpile Center
 Program and Financing
 Object Classification
 (Dollars in Millions)**

	<u>FY 1998</u>	Operations <u>FY 1999</u>	<u>FY 2000</u>
Reimbursable Obligations:			
Personnel	15.5	15.9	16.8
Travel	0.8	1.0	1.1
Transportation	0.5	0.5	0.5
Rent GSA	9.9	9.0	9.0
Rental Payments to Others	9.6	10.5	7.4
Communications	0.8	1.1	1.2
Other Services	14.5	33.5	36.2
Supplies & Materials	1.6	8.2	5.0
Equipment	<u>3.0</u>	<u>1.4</u>	<u>1.5</u>
Total Obligations	56.2	81.1	78.7
		Other	
	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Payment to Receipt Account	143.0	171.0	143.0

**Defense Logistics Agency
Defense National Stockpile Center
Program and Financing
(Dollars in Millions)**

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Expenses:			
Operating	56.2	81.1	78.7
Other	143.0	171.0	143.0
Total Expenses	199.2	252.1	221.7
Financing:			
Federal Orders	-26.6	-22.7	-22.9
Non-Federal	-409.9	-533.0	-540.0
Total Financing	-436.5	-555.7	-562.9
Recovery of Prior Year Obligations	-0.6		
Unobligated balance available, start of year	-785.8	-873.7	-1,024.3
Unobligated balance available, end of year	873.7	1,024.3	1,193.5
Total Budget Authority	-150.0	-153.0	-172.0
Transfers	-150.0	-153.0	-172.0

**Defense Logistics Agency
Defense National Stockpile Center
Revenue and Expenses
(Dollars in Millions)**

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Revenue:			
Gross Sales			
Disposal Program	475.0	555.7	562.9
Total Income:	475.0	555.7	562.9
Operating Expenses:			
Civilian Personnel Compensation & Benefits	15.5	15.9	16.8
Travel and Transportation of Personnel	0.8	1.0	1.1
Materials & Supplies (For Internal Operations)	1.6	8.2	5.1
Equipment	3.0	1.4	1.5
Transportation of Things	0.5	0.5	0.5
Rent, Communication, Utilities & Misc Charges	20.3	20.6	17.5
Other Purchased Services	14.5	33.5	36.2
Total Operating Expenses	56.2	81.1	78.7
Operating Result	418.8	474.6	484.2
Other Expenses:			
Transfer Expense			
Offset for Loss of FMS Receipts	143.0	66.0	46.0
Transfer to Service O&M	150.0	150.0	150.0
Offset as stated in FY 1999 Authorization Act	0	102.0	75.0
Transfer to HHS	0	3.0	22.0
Total Other Expenses	293.0	321.0	293.0
Net Operating Result	125.8	153.6	191.2

**Defense Logistics Agency
Defense National Stockpile Center
Statement of Financial Condition
(\$ in Millions)**

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
ASSETS:			
Cash	684.6	720.1	717.0
Accounts Receivable (NET)	214.1	280.4	227.4
Other Assets	0.2	0.0	0.0
Inventory	3,058.2	2,533.9	2,113.4
TOTAL ASSETS	3,957.1	3,534.4	3,057.8
LIABILITIES:			
Accounts Payable	23.7	11.3	11.3
Advances Received	45.5	42.0	36.0
Undelivered Orders	186.7	5.0	5.0
TOTAL LIABILITIES	255.9	58.3	52.3
GOVERNMENT EQUITY			
Revolving Fund Balance	643.0	942.2	892.1
Invested Capital	3,058.2	2,533.9	2,113.4
TOTAL GOVERNMENT EQUITY	3,701.2	3,476.1	3,005.5
TOTAL LIABILITIES AND EQUITY	3,957.1	3,534.4	3,057.8